IN THE CLAIMS:

1. (Currently amended) A method of stimulating ~~or otherwise facilitating formation of colonies~~ growth and differentiation of mammalian pancreatic epithelial cells into three-dimensional cystic-ductular structures containing insulin-secreting cells, said method comprising culturing said pancreatic epithelial cells in the presence of ~~one or both of~~ a bone morphogenetic protein (BMP) ~~or a functional derivative, homologue, mimetic, analogue or agonist thereof or laminin-1 or laminin-1-containing extracellular matrix (ECM) or a functional derivative, homologue, mimetic, analogue or agonist thereof~~ for a time and under conditions sufficient for colonies to form ~~comprising~~ wherein said colonies comprise three-dimensional cystic-ductular structures containing insulin-secreting cells.

2. (Currently amended) The method ~~according to~~of Claim 1 wherein the BMP molecule is a member of the TGF-β family.

3. (Currently amended) The method ~~according to~~of Claim 2 wherein the BMP molecule is a heterodimer from two or more BMP molecules.

4. (Currently amended) The method ~~according to~~of Claim ~~1~~30 wherein laminin-1 is provided at a concentration of from about 1 μg/ml to about 1000 μg/ml.

5. (Currently amended) A method of stimulating or otherwise facilitating formation of colonies of mammalian pancreatic cells ~~containing~~ wherein said colonies comprise three-dimensional cystic-ductular structures containing insulin-secreting cells, said method comprising culturing pancreatic cells in the presence of ~~one or both of~~ a bone morphogenetic protein (BMP) ~~or a~~

~~functional derivative, homologue, mimetic, analogue or agonist thereof~~ for a time and under conditions sufficient for said colonies to form ~~comprising insulin-secreting cells~~.

6-7. (Canceled)

8. (Currently amended) The method ~~according to~~of Claim 5 ~~or 7~~ wherein the BMP molecule is a member of the TGF-β family.

9. (Currently amended) The method ~~accordint to~~of Claim 8 wherein the BMP molecule is a heterodimer from two or more BMP molecules.

10. (Currently amended) The method ~~according to~~of Claim ~~6 or 7~~31 wherein laminin-1 is provided at a concentration of from about 1 μg/ml to about 1000 μg/ml.

11. (Currently amended) The method ~~according to any one~~ of Claims 1 or ~~7~~5 wherein the pancreatic cells are pancreatic lineage embryonic stem cells.

12. (Currently amended) A method of stimulating or otherwise facilitating formation of cystic epithelial colonies containing insulin-secreting cells, said method comprising culturing pancreatic cells in the presence of ~~one or both of~~ a BMP ~~or a functional derivative or homologue, mimetic, analogue or agonist thereof and/or a laminin-1 or a laminin-1-containing ECM or a functional derivative, homologue, mimetic, analogue or agonist thereof~~ for a time and under conditions sufficient for said colonies to form, ~~comprising~~ wherein said colonies comprise existing detected structures containing insulin-secreting cells.

13. (Currently amended) The method ~~according to~~ of Claim 12 wherein the BMP molecule is a member of the TGF-β family.

14. (Currently amended) The method ~~according to~~ of Claim 13 wherein the BMP molecule is a heterodimer from two or more BMP molecules.

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15. (Currently amended) The method ~~according to~~ of Claim ~~12~~32wherein laminin-1 is provided at a concentration of from about 1 μg/ml to about 1000 μg/ml.

16-22. (Canceled)

23-29. (Withdrawn)

30. (New) The method of Claim 1, wherein the pancreatic epithelial cells are cultured in the presence of said BMP and at least one of laminin-1 or laminin-1-containing extracellular matrix ECM.

31. (New) The method of Claim 5, wherein the pancreatic epithelial cells are cultured in the presence of said BMP and at least one of laminin-1 or laminin-1-containing extracellular matrix ECM.

32. (New) The method of Claim 12, wherein the pancreatic epithelial cells are cultured in the presence of said BMP and at least one of laminin-1 or laminin-1-containing extracellular matrix ECM.